HEALTH IT TASK FORCE
STEVE CLINE

About HIT in ARRA

Provider Specific Incentives

NC Task Force Strategy and Charge

Who Serves

Questions and Answers

Key Health Information Technology Provisions
American Recovery and Reinvestment Act

Funding

Total Funding for Health Information Technology, includes:

- $ 2.0 billion for the Office of National Coordinator
  - $ 300 million in FFY 2009
  - $1.280 billion in FFY 2010
  - $ 360 million in FFY 2011
  - $ 40 million in FFY 2012
- $21.0 billion in incentives through Medicare and Medicaid to assist healthcare providers to adopt EHRs
- $ 4.7 billion for National Telecommunications and Information Administration's Broadband Technology Opportunity Program
- $ 2.5 billion for the USDA's Distance Learning, Telemedicine and Broadband Program
- $ 1.5 billion for construction, renovation, and equipment for Federally Qualified Health Centers through the Health Resources and Services Administration

Grants to States

Expand the Use of Health Information Technology
DHHS, acting through the Office of the National Coordinator is to award competitive grants to states to establish a program that facilitates and expands the use of electronic health records.

To be eligible for these competitive grants states must match federal funds, as follows;

- In FFY 2011 the state federal match will be 1:10
- In FFY 2012 the state federal match will be 1:7
- In FFY 2013 the state federal match will be 1:3

Loans to Providers
DHHS, acting through the Office of the National Coordinator is to award competitive grants to states to establish loan programs for health care providers. The state must provide a strategic plan that identifies the intended uses and the amount available through the loan program.

The loans can be used to

1. Facilitate the purchase of EHR technology
2. Enhance the use of EHR technology
3. Train personnel in the use of such technology
4. Improve the secure electronic exchange of health information

To be eligible for these competitive grants the state must agree to make available non-Federal contributions (Foundation funds) at rate of not less than 1:5.

Use of grant and loan funds

The grants and loans can be used to support:

- Health IT architecture
- Development and adoption for EHR systems for health care providers not eligible through the Medicare and Medicaid incentive program
- Training and dissemination of information on best practices

- Infrastructure and tools for the promotion of telemedicine
- Promotion of interoperability of clinical data
- Promotion of technologies and best practices that enhance the protection of health information
- Improvement and expansion of the use of health IT by public health departments

Regional Extension Center

A Health IT Research Center is to be established at the national level to provide technical assistance, develop and recognize best practices, and support the acceleration of the adoption of EHR.

In addition, Health IT Regional Extension Centers will be established to provide technical assistance and disseminate best practices and other information learned from the National Research Center to support and accelerate efforts to adopt, implement, and effectively utilize HIT. Such centers are to be affiliated with a non-profit entity that applies for and receives merit-based awards to operate such a center.

No later than 90 days after the enactment of the ARRA, guidelines on the establishment of the national and regional centers is to be published in the Federal Register.

Education and Training

Assist institutions of higher learning or consortia to establish or expand medical health informatics education programs, including certification, undergraduate, and masters programs, for both health care and information technology students to ensure the rapid and effective utilization and development of health information technology.

Academic Curricula
Grants to develop academic curricula integrating certified EHR technology in clinical education of the health professionals. Federal funding is not to constitute more than 50% of the total award, except in an instance of national economic conditions which would render the cost sharing as detrimental. In such cases, cost sharing is waived.

Health Informatics
Assistance is to be provided to institutions of higher education to establish or expand medical health informatics education programs.

Eligible entities would be:
- School of Medicine, Osteopathic Medicine, Dentistry, or Pharmacy
- Graduate program in behavioral or mental health, or any other graduate health profession school
- Graduate school of nursing or physician assistant
- Consortium of two or more of the above schools
- Institution with a graduate medical education program in medicine, osteopathic medicine, dentistry, pharmacy, nursing, or physician assistant studies.

Providers and Payers

Medicare Incentives for Healthcare Professionals

Beginning in 2011, eligible healthcare professional can receive up to $44,000 over five years through Medicare, if they are able to demonstrate that they have a qualified EHR and show a meaningful use of the EHR system in treating Medicare patients. This does not apply to hospital-based physicians.

Medicare Incentive	
Payment Year	**Incentive**
First Payment Year	• $18,000, if first payment is 2011 or 2012 • $15,000, if first payment year is 2013 • $12,000, if first payment year is 2014
Second Payment Year	• $12,000
Third Payment Year	• $8,000
Fourth Payment Year	• $4,000
Fifth Payment Year	• $2,000

1. For eligible professionals in a Health Professional Shortage Area (HPSA), the incentive payment would be increased by 10%
2. Payments are not available to hospital-based professionals—pathologist, emergency room physician, or anesthesiologist.

Healthcare professionals are eligible for payment from 2011 through 2015. As of 2016, no incentive payments will be available.

If a healthcare provider can not demonstrate a meaningful use of EHR by 2015, their Medicare reimbursement will be reduced, as follows:

- 2015 provider will be paid at a rate of 99% Medicare reimbursement rate
- 2016 provider will be paid at a rate of 98% Medicare reimbursement rate
- 2017 and beyond 97% Medicare reimbursement rate

Medicare Incentives for Hospitals

Beginning in 2011, acute-care hospitals are eligible to receive payments through Medicare for up to four years, if they are able to demonstrate that they have a qualified EHR and show a meaningful use of the EHR system in treating Medicare patients. A complex formula has been developed to calculate the amount an acute-care hospital will receive. The maximum amount available for any one acute-care hospital is estimated to be $11 million.

Critical Access Hospitals that demonstrate they are meaningful users are allowed to depreciate their EHR costs, starting in FFY 2011, allowing them to front-end load the benefits of depreciation.

If an acute-care hospital can not demonstrate a meaningful use of EHR by 2015, their Medicare reimbursement will be reduced, as follows:

- 2015 provider will be paid at a rate of 100.66% Medicare reimbursement rate
- 2016 provider will be paid at a rate of 100.33% Medicare reimbursement rate
- 2017 and beyond 100.0 % Medicare reimbursement rate

Medicaid Incentives for Healthcare Professionals

States can receive a 100 percent federal match for incentive payments, and 90 percent federal match for administrative costs created by providing the incentive payments. A state must prove that the incentives are being paid directly to the provider with out any deductions or rebates.

The states are authorized to make payments to Medicaid providers totaling no more than 85% of the net average cost for a certified EHR technology. The start date for the Medicaid incentive program is not stated in the ARRA. However, Senate Report language strongly suggests that the program is to begin in FFY 2011. Note: provider is equal to a healthcare professional.

Medicaid providers are eligible for up to 85% of the following amounts:

- $25,000 toward the purchase of an EHR system in the first year of the payment
- Up to $10,000 for the following four years
- Totaling 85% of $65,000 or $55,200 over five years

Pediatricians with at least 20% Medicaid patients only qualify for 67% of what is otherwise specified

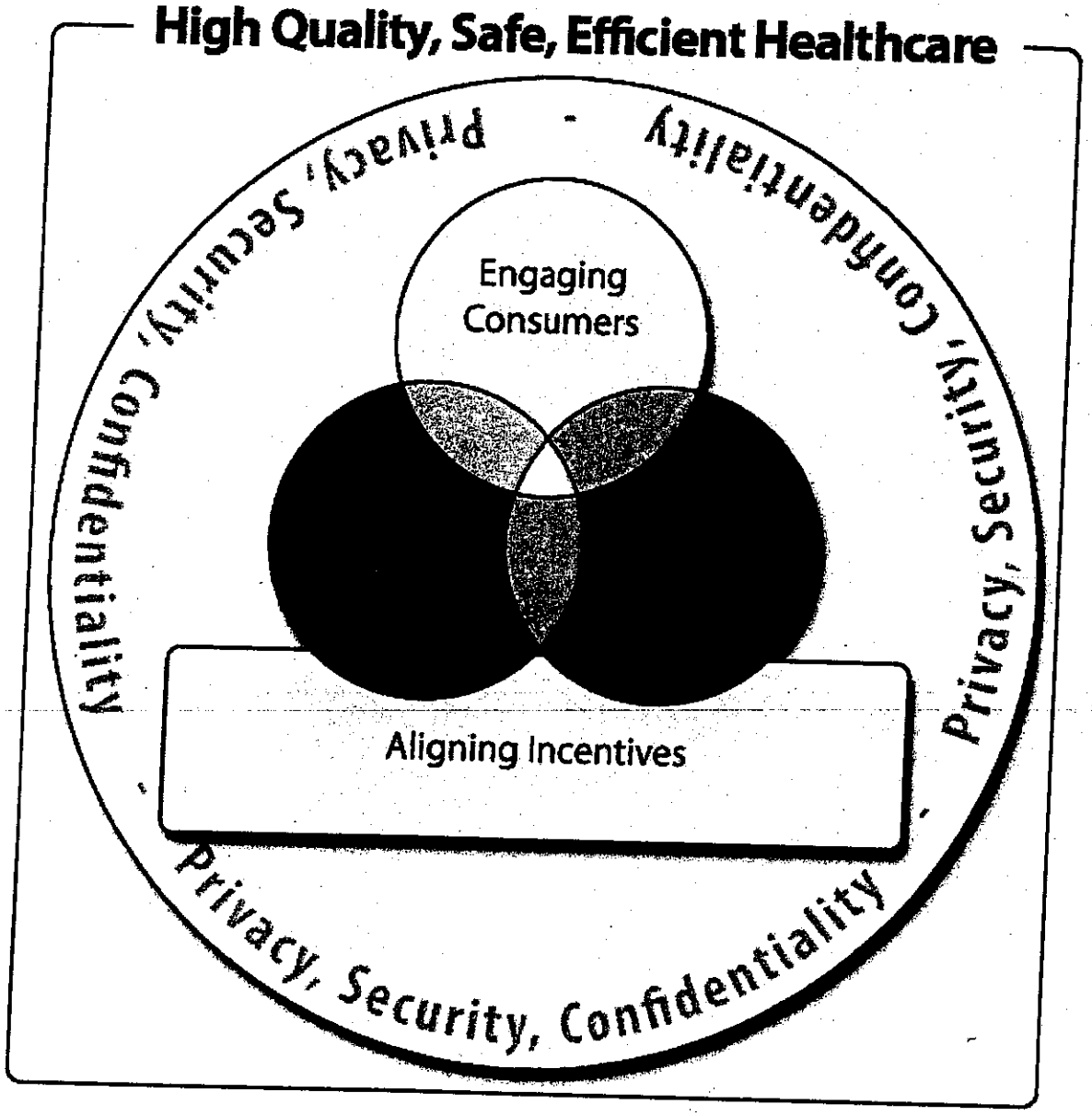
Eligible professionals include:

- Non-hospital based professionals with at least 30% Medicaid patients, including physicians, dentists, CNMW, NPs and certain PAs
- Non-hospital based pediatricians with at least 20% Medicaid
- Children's Hospitals
- Acute-care hospital that has at least 10 percent Medicaid
- FQHCs and Rural Health Clinics that have at least 30% Medicaid

The ARRA instructs the Federal Secretary HHS to ensure the coordination of incentive payments to eligible professionals through Medicare and Medicaid. Such coordination shall include, to the extent practicable, a data matching process between State Medicaid agencies and CMS using national provider identifiers. To carry out these activities, the Secretary may require the submission of such data relating to payments to such Medicaid providers as the Secretary may specify.

DRAFT

North Carolina
Health Information Technology Strategic Planning Task Force



"Improving Our Nations's Health and Healthcare Through Information Technology"
eHealth Initiative Blueprint: Builing Consensus for Common Action

Efforts to Position North Carolina to Best Access, Utilize and Manage Health Information Technology Funding In the American Recovery and Reinvestment Act

HIT Strategic Planning Task Force
In mid-April Governor Perdue's Governor's Office of Economic Recovery and Investment established the North Carolina HIT Strategic Planning Task Force to engage key stakeholders from across the state to start work immediately on developing a plan by mid-May when federal regulations on applying for HIT funds are to be published.

The charge to the Task Force is to develop a plan that will:

1. Create a shared vision for HIT that defines a comprehensive HIT infrastructure that supports clinical, population, personal, and research dimensions that will:
    a. Improve health care quality and coordination
    b. Improve patient safety
    c. Reduce health care costs or create efficiencies
    d. Assure the instruction of health professionals, incorporate effectiveness, and quality improvement associated with HIT, and
    e. Enable individuals, providers, and communities to make the best decisions for improving health.
2. Conduct a comprehensive review of existing HIT resources in the private and public sector
3. Identify HIT best practices
4. Provide clear and concise direction on clinical standards, governance models and possible financial incentives for adoption
5. Review the federal ARRA HIT guidelines expect by mid-May and recommend a strategy for securing all possible funds.
6. Recommend to the Governor a HIT Strategic Plan for North Carolina.

The Task Force began meeting April 13, 2009. Currently, it is comprised of six workgroups

1. Providers and Connectivity
2. Electronic or Personnel Health Records
3. Hospitals and Health Systems and AHEC
4. Health Information Exchange at the State and Local Level
5. Medicare and Medicaid Incentives, Public Payers and Providers
6. North Carolina's Unique Partnerships

Section 10.27; SB 202, Health Information Technology
The Senate's proposed budget for SFY 09-10 contains a special provision on HIT and the role of DHHS. The Department of Health and Human Services is to coordinate HIT policies and programs within North Carolina. The Department's goal—and charge—is to ensure that each State agency, public entity, and private entity that undertakes HIT activities associated with the ARRA does so within its scope of expertise and technical capability.

The Department is to establish and direct a HIT management structure that is efficient and transparent and compatible with the Office of the National Health Coordinator for Information Technology governance mechanism.

Beginning October 1, 2009, and quarterly thereafter, DHHS is to report the House and Senate Appropriations Committees and the Fiscal Research Division on the current status of:

1. Federal HIT initiatives
2. State HIT initiatives
3. Current status of public and private funding, and
4. Efforts to coordinate HIT initiatives within the state.

North Carolina
Health Information Technology Strategic Planning Task Force
April 2009

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